



**true wealth**  
DESIGN

## **True Wealth Design, LLC**

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**March 13, 2019**

### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of True Wealth Design, LLC (the "Advisor"). If you have any questions about the contents of this brochure, please contact us at (330) 777-0688 or [kkroskey@truewealthdesign.com](mailto:kkroskey@truewealthdesign.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about True Wealth Design, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to True Wealth Design, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment dated March 23, 2018, we have amended our brochure with regard to the following:

- The firm became registered with the Securities and Exchange Commission in May 2018.
- The firm has begun to offer tax accounting services. Please refer to Item 4 *Advisory Business*, Item 5 *Fees and Compensation*, and Item 10 *Other Financial Industry Activities and Affiliations* of this brochure for additional information.

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## Item 4 Advisory Business

True Wealth Design, LLC (Advisor) was formed in February 2007 in the State of Ohio to provide financial planning services with a focus on retirement planning, tax planning, and investment management services for mid and high net worth clients. The Advisor is wholly-owned by Kevin Kroskey, the Advisor's President. The company is also an Ohio licensed independent insurance brokerage agency providing limited insurance services to clients in a fully-disclosed, fiduciary manner.

True Wealth Design offers the following services to its clients (individuals, business entities, trusts, estates, charitable organizations, and pension and profit sharing plans):

### **FINANCIAL PLANNING SERVICES (STAND-ALONE)**

True Wealth Design provides financial planning services. Financial planning can be a limited engagement to assess, review or make recommendations on a specific issue. Financial planning can also be a comprehensive evaluation process in which numerous strategic recommendations are given. These recommendations may be applicable to the client's current and/or assumed future financial state. Variables based on the client's situation as well as historical and current market conditions may be used to project estimates of future cash flows, asset values and withdrawal strategies. Throughout the financial planning process, relevant client information and projections are considered.

In general, the financial planning services can address any of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **CASH FLOW and DEBT MANAGEMENT:** We analyze the client's current and future cash flow needs as well as debt management strategies.
- **RETIREMENT PLANNING:** After analyzing and modeling the client's cash flow needs, we then illustrate the possible impact of various retirement dates, retirement income claiming strategies (Social Security, Pensions), tax strategies, and investment decisions on the client's future ability to create and maintain the lifestyle defined by the cash flows.
- **INVESTMENTS:** We analyze the client's current investments to determine how they might align with the client's objectives. During this analysis we review the tax efficiency, fees and expenses, diversification, risk and investment performance.
- **TAX PLANNING:** We review the client's current tax situation including income, investments, deductions, exemptions, estate issues and current tax law to identify opportunities for reducing current and future tax liabilities.
- **RISK MANAGEMENT and INSURANCE PLANNING:** We review potential risks to the client's financial well-being and then propose strategies to manage risks. We analyze existing insurance policies to assess recommended coverage for life, health, disability, long-term care, liability, home and automobile.
- **ESTATE PLANNING:** We assist the client in assessing and developing long-term strategies, including as appropriate; living trusts, wills, estate tax strategies, powers of attorney, asset protection plans, nursing homes and Medicaid.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and we then prepare recommendations.

Prior to engaging the Advisor to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Advisor setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Advisor commencing services.

If requested by the client, Advisor may recommend the services of other professionals for implementation purposes, including the Advisor's representatives in their individual capacities as licensed insurance agents. (See disclosure at Item 10.) The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Advisor.

Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Please Also Note: It remains the client's responsibility to promptly notify the Advisor if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Advisor's previous recommendations and/or services.

Typically the financial plan recommendations are presented to the client within six weeks of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

### **INVESTMENT ADVISORY SERVICES (STAND-ALONE)**

For those individuals who do not wish to engage True Wealth Design for the Wealth Management Services (described below), True Wealth Design offers its Investment Advisory Services (IAS) platform. Under IAS, the client receives services limited to True Wealth Design's asset allocation (and automatic rebalancing) of the client's assets typically among various mutual funds or ETF's consistent with the client's investment objectives. We can also manage several accounts of differing account tax structures within a single portfolio allocation model to create a tax profile designed to increase tax efficiency.

True Wealth Design remains available to provide Financial Planning Services (described above) on a fixed fee basis upon client request.

## **WEALTH MANAGEMENT SERVICES (FINANCIAL PLANNING + INVESTMENT ADVISORY)**

True Wealth Design's "Wealth Management Service" bundles continuous Investment Advisory Services (described separately above) and may include Financial Planning Services (described separately above) to the *extent specifically requested by the client*.

Proper financial planning is an ongoing process. Life's circumstances, goals, and opportunities change over time. True Wealth Design believes that ongoing planning and advice are key factors in developing and maintaining sound planning and investment strategies and that an ongoing relationship should be maintained between the client and True Wealth Design.

With the life-stage model in mind, True Wealth Design has created three service models within Wealth Management Services:

- **Wealth Accumulators:** Generally, for younger individuals and families that are building wealth. Focus tends to be more on cash flow, debt management, risk management, and investments.
- **Retirement Planning:** Generally, for individuals and families within fifteen years of retirement to those in retirement with less than \$1 million in investable assets. Focus tends to be more on cash flow, retirement planning, and investments.
- **Integrated Wealth Management:** Generally, for individuals and families with \$1 million or more in investable assets and/or those that tend to have increased complexity in their financial situation. Any areas of financial planning may be addressed with greater emphasis on investments and tax planning.

The service model is determined in the Advisor's sole discretion and may be based on certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.)

At the exclusive discretion of True Wealth Design, tax return preparation services may be included for certain clients, generally those with a minimum of \$300,000 under the advisor's management, as part of their annual fee for Wealth Management Services.

In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Advisor), the Advisor may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

## **RETIREMENT PLAN CONSULTING SERVICES**

True Wealth Design also provides discretionary and/or non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Advisor shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between the Advisor and the plan sponsor.

## MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested by the client, the Advisor *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Advisor, nor any of its representatives, serves as an attorney or accountant, and no portion of the Advisor's services should be construed as same. To the extent requested by a client, the Advisor may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Advisor in their separate registered/licensed capacities as discussed below in Item 10. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Advisor.

Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Please Also Note: It remains the client's responsibility to promptly notify the Advisor if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Advisor's previous recommendations and/or services.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage the Advisor on a non-discretionary investment advisory basis must be willing to accept that the Advisor cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Advisor will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

Fee Differentials. As indicated above, the Advisor shall price its services based upon various objective and subjective factors. As a result, Advisor's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by the Advisor to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Trade Error Policy. Advisor shall reimburse accounts for losses resulting from the Advisor's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Advisor's custodian firm account and Advisor retains the net gains and losses.

Client Obligations. In performing its services, Advisor shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Advisor if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Advisor's previous recommendations and/or services.

Disclosure Statement. A copy of the Advisor's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of any written agreement. Any client who has not received a copy of Advisor's written Brochure at least 48 hours prior to executing the agreement shall have five business days subsequent to executing the agreement to terminate the Advisor's services without penalty.

The Advisor shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Advisor shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on the Advisor's services.

The Advisor does not participate in a wrap fee program.

### **Assets Under Management**

As of December 31, 2018, we provide continuous management services for \$127,023,332 in client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

True Wealth Design charges fees for advisory services such as financial planning and asset management. Financial Planning Service engagements are limited in nature and fees are calculated on a fixed-fee or hourly basis and quoted in advance. Continuous investment advisory services and wealth management services may be provided, and the Advisor shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. When the client is a 401k plan, the Advisor shall deduct fees and/or bill quarterly in arrears.

Additional details of these fee arrangements follow:

### **FINANCIAL PLANNING SERVICES (STAND-ALONE)**

Financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) are provided on a stand-alone fee basis. Advisor's planning and consulting fees are negotiable, but generally range from a \$250 to \$10,000 on a fixed-fee basis and up to \$600 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

Prior to engaging the Advisor to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Advisor setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Advisor commencing services. Refunds of prepaid fees will be made to the client in the event of termination in accordance with the agreement, provided that any unused portion of the prepaid fee remains.

### **INVESTMENT ADVISORY SERVICES (STAND-ALONE)**

The annual fee for Investment Advisory Services (IAS) shall vary (from 0.25% up to 1.60% of the total assets placed under the Advisor's (management/advisement). The Advisor generally requires a minimum annual fee of \$1,200 (\$300 per quarter) per household with a minimum portfolio size of \$50,000 for this service. The Advisor, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its an annual/quarterly minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). The annual fee will be based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under the Advisor's direct management, the amount of the assets placed under the Advisor's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client) for which the Advisor provides review/monitoring



services, but does not have trading authority, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. See *also* Fee Differential discussion above.

Prior to engaging the Advisor to provide planning or consulting services, clients are generally required to enter into an *Investment Advisory Agreement* with Advisor setting forth the terms and conditions of the engagement (including termination). The client can determine to engage the Advisor to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis.

## **WEALTH MANAGEMENT SERVICES (FINANCIAL PLANNING + INVESTMENT ADVISORY)**

The Advisor's annual fee shall vary (from 0.25% up to 1.60% of the total assets placed under the Advisor's management/advisement). The Advisor generally requires a minimum annual fee of \$2,400 (\$600 per quarter) per household for this service. In the Advisor's sole discretion, we may charge a lesser investment management fee and/or reduce or waive its an annual/quarterly minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). The annual fee will be based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under the Advisor's direct management, the amount of the assets placed under the Advisor's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client) for which the Advisor provides review/monitoring services, but does not have trading authority, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. See *also* Fee Differential discussion above.

Prior to engaging the Advisor to provide planning or consulting services, clients are generally required to enter into an *Investment Advisory Agreement* with Advisor setting forth the terms and conditions of the engagement (including termination). The client can determine to engage the Advisor to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis.

At the exclusive discretion of True Wealth Design, tax return preparation services may be included for certain clients, generally those with a minimum of \$300,000 under the advisor's management, as part of their annual fee for Wealth Management Services.

In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Advisor), the Advisor may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

## **RETIREMENT PLAN CONSULTING SERVICES**

The Advisor provides discretionary and/or non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Advisor shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between the Advisor and the plan sponsor. Generally, the Advisor charges an up-front flat fee equal to 1.00% of the retirement plan's assets, or a minimum fee of \$1,000, for initial plan consulting services. The Advisor's fee for continued retirement plan consulting services is negotiable.

## OTHER INFORMATION

Fee Payment: Clients may elect to have the Advisor's advisory fees deducted from their custodial account. Both Advisor's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Advisor's investment advisory fee and to directly remit that management fee to the Advisor in compliance with regulatory procedures. In the limited event that the Advisor bills the client directly, payment is due upon receipt of the Advisor's invoice.

Custodian & Brokerage Fees: As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Advisor shall generally recommend that Shareholders Service Group ("SSG") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as SSG charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). From time to time, small portions of positions will be sold to bring the cash account balance to the level required for automatic deduction of fees. It is understood that the payment of these fees will reduce the total investment return. In no instance does True Wealth Design, nor its representatives accept compensation from the sale of securities or other investment products.

Mutual Fund Fees: In addition to Advisor's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Some funds also offer "I" or "Institutional, Advisor" classes of shares that are not usually available to the general public. These types of shares offer clients internal costs slightly reduced from those of "public" shares. When deemed cost effective, True Wealth Design strives to purchase these lower cost shares, if they are available and comparable to "public" shares. In no instance does True Wealth Design receive any portion of mutual fund fees, costs, or any "soft-dollar" benefits from any mutual fund.

Limited Prepayment of Fees: Advance payment will never exceed \$1,200 for work that will not be completed within six months.

Termination: The *Investment Advisory Agreement* between the Advisor and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Advisor shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

### IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer some form of financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

## **Item 6 Performance-Based Fees and Side-by-Side Management**

Neither the Advisor nor any supervised person of the Advisor accepts performance-based fees.

## Item 7 Types of Clients

True Wealth Design provides services to individuals, business entities, trusts, estates, charitable organizations, and pension and profit sharing plans. TWD does not have a minimum asset requirement to become a client but may impose minimum fees as described above.

## Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

True Wealth Design uses a general process of constructing asset allocation based portfolios and then selecting investments to fulfill the asset allocation targets. Several methods of analysis as well as research produced by other firms and academics may be used. Some of these methods include modern portfolio theory, valuation, expected return forecasts, asset correlation, charting and other academic-based financial research.

True Wealth Design utilizes several strategies in an effort to affect the net investment results of our portfolios. We use strategies that are designed to diversify investment risk, manage portfolio volatility, manage performance risk over time, manage erosion from taxes, manage erosion from expenses and manage sustainable income distributions. We continually evaluate our investment strategies against current research data available and work to improve our portfolios and financial strategies.

We generally use the following strategies:

- ASSET ALLOCATION STRATEGY. Asset allocation is constructing portfolios with different asset classes that have a history of differing and partially offsetting volatility patterns. We use portfolios that spread investment risk over multiple asset classes. We utilize classes such as domestic equities, international equities, domestic fixed income, international fixed income and several alternative asset classes as well as sub-sets of these broad asset classes. If the asset classes are combined in efficient proportions, the overall portfolio volatility may be reduced relative to the expected return.
- ASSET CLASS DIVERSIFICATION. Rather than rely on unproven methods of individual security selection, we choose to broadly diversify each asset class in our portfolios across the broad market represented by the asset class. In special circumstances, individual stock holdings with large, unrealized capital gains may be incorporated into the client's asset allocation and used as a substitute for a preferred holding.
- TOLERANCE-BASED REBALANCING. All individual portfolio assets are checked against allocation models at least quarterly. If an individual asset within a portfolio is out of tolerance, the asset is manually reviewed for an opportunity to rebalance the portfolio.
- ASSET LOCATION STRATEGY. To manage the net after tax total return over time, we can unify multiple accounts of differing tax structures and manage them under one portfolio model. By matching the individual asset tax characteristics with a complementary account type from a tax perspective, net after tax returns may be improved. As a simplified example; if the portfolio model is 50% bonds and 50% stocks, then the bonds may be placed in an IRA because the bond interest is taxed as ordinary income and IRA distributions are also taxed as ordinary income. The stocks may be placed in a taxable or trust account because long term stock gains may be taxed at lower long term capital gain tax rates when in a taxable account. If the stocks were placed in the IRA, then the long term stock gains would be taxed at typically higher ordinary income tax rates. We have created an asset ranked tax grouping system to direct assets to an appropriate tax structure and to rebalance the overall portfolio model across multiple tax structures.

- **INSTITUTIONAL CLASS INVESTMENTS.** In an effort to control investment expenses and fees, we look for and use lower cost institutional solutions, compared to retail solutions, whenever we identify institutional investment strategies appropriate for our portfolios.

True Wealth Design primarily allocates client investment assets among mutual funds and/or exchange traded funds but may also use various individual equity and fixed income securities, and structured notes on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). TWD primarily invests for relatively long time horizons, normally for a year or more. However, market developments could cause TWD to sell securities more quickly.

After the asset allocation policy is established, individual security analysis is conducted to assist with the investment selection process to fulfill the asset allocation. Analysis varies depending on the security in question.

- For mutual funds and ETFs the analysis generally includes a review of:
  - The fund's management team;
  - The fund's historical risk and return characteristics;
  - The fund's exposure to sectors and individual issuers;
  - The fund's fee structure;
  - The fund's management style;
  - The fund's investment philosophy;
  - The fund's total assets under management;
  - The fund's style consistency;
  - The fund's risk adjusted performance relative to peers;
  - The fund's regulatory oversight; and
  - Any other factors considered relevant.
- For stocks and bonds the analysis generally includes a review of:
  - The issuer's management;
  - The amount and volatility of past profits or losses;
  - The issuer's assets and liabilities, as well as any material changes from historical norms;
  - Prospects for the issuer's industry, as well as the issuer's competitive position within that industry;
  - Credit ratings;
  - Income potential; and
  - Any other factors considered relevant.

**Please Note:** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Advisor) will be profitable or equal any specific performance level(s). The Advisor's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Advisor must have access to current/new market information. The Advisor has no control over the dissemination rate of market information; therefore, unbeknownst to the Advisor, certain analyses may be compiled with outdated market information, severely limiting the value of the Advisor's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

Neither the Advisor, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Advisor, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

**Licensed Insurance Company.** True Wealth Design, LLC is also a licensed independent insurance brokerage agency. Mr. Kroskey is also licensed to sell insurance products, as noted below. The insurance fees and services are separate and distinct from the advisory fees and services provided by the company.

**Licensed Insurance Agents.** Certain of Advisor's representatives in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4 above, clients can engage certain of Advisor's representatives to effect insurance transactions on a commission basis.

### **Accountant or Accounting Firm**

Associated persons and/or executive officers of our firm may also be accounting and tax professionals and may also be separately licensed as a Certified Public Accountant or Enrolled Agent. If you require accounting or tax services, we may recommend that you use the services of an accountant or tax professional that is associated with our firm. Our advisory services are separate and distinct from the compensation paid for accounting or tax services.

**Conflict of Interest:** The recommendation by the Advisor's representatives that a client purchase a securities or insurance commission product presents a *conflict of interest*, as the receipt of commissions through our firm may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. However, True Wealth Design does have a duty at all times to act in the client's best interest. No client is under any obligation to purchase any commission products from Advisor's representatives. Clients are reminded that they may purchase insurance products recommended by Advisor through other, non-affiliated insurance agents. The Advisor's Chief Compliance Officer, Kevin Kroskey, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest. Full disclosure of any first-year commissions received, which generally represent the majority of commission proceeds, will also be made available at the client's written request.

The Advisor does not recommend or select other investment advisors for its clients.

## Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Advisor maintains an investment policy relative to personal securities transactions. This investment policy is part of Advisor's overall Code of Ethics, which serves to establish a standard of business conduct for all of Advisor's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Advisor also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Advisor or any person associates with the advisor.

Neither the Advisor nor any related person of Advisor recommends, buys, or sells for client accounts, securities in which the Advisor or any related person of Advisor has a material financial interest.

The Advisor and/or representatives of the Advisor *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Advisor and/or representatives of the Advisor are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Advisor did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Advisor's clients) and other potentially abusive practices.

The Advisor has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Advisor's "Access Persons". The Advisor's securities truncation policy requires that Access Person of the Advisor must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Advisor selects; provided, however that at any time that the Advisor has only one Access Person, he or she shall not be required to submit any securities report described above.

The Advisor and/or representatives of the Advisor *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Advisor and/or representatives of the Advisor are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11, the Advisor has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Advisor's Access Persons.



## Item 12 Brokerage Practices

In the event that the client requests that the Advisor recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Advisor to use a specific broker-dealer/custodian), Advisor generally recommends that investment management accounts be maintained at SSG. Prior to engaging Advisor to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Advisor setting forth the terms and conditions under which Advisor shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. We are not affiliated with the custodian and/or broker-dealer we recommend. The custodian and/or broker-dealer we recommend does not supervise our firm, its agents or activities.

Factors that the Advisor considers in recommending SSG (or any other broker-dealer/custodian to clients) include historical relationship with the Advisor, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Advisor's clients shall comply with the Advisor's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Advisor determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Advisor will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Advisor's investment management fee. The Advisor's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Advisor may receive from SSG (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Advisor to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Advisor may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Advisor in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Advisor in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Advisor to manage and further develop its business enterprise. Advisor's clients do not pay more for investment transactions effected and/or assets maintained at SSG as a result of this arrangement. There is no corresponding commitment made by the Advisor to SSG or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.



The Advisor does not receive referrals from broker-dealers. The Advisor does not engage in directed brokerage arrangements. The Advisor's Chief Compliance Officer, Kevin Kroskey, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

To the extent that the Advisor provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Advisor decides to purchase or sell the same securities for several clients at approximately the same time. The Advisor may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Advisor's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Advisor shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13 Review of Accounts**

For those clients to whom Advisor provides investment supervisory services, account reviews are conducted on an ongoing basis by the Advisor's Principals and Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise the Advisor of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Advisor on an annual basis.

The Advisor *may* conduct account reviews on other than a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Advisor may also provide a written periodic report summarizing account activity and performance.

### **Item 14 Client Referrals and Other Compensation**

As referenced in Item 12 above, the Advisor may receive an indirect economic benefit from SSG. The Advisor, without cost (and/or at a discount), may receive support services and/or products from SSG.

Advisor's clients do not pay more for investment transactions effected and/or assets maintained at SSG as a result of this arrangement. There is no corresponding commitment made by the Advisor to SSG or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

*The Advisor's Chief Compliance Officer, Kevin Kroskey, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.*

If a client is introduced to the Advisor by either an unaffiliated or an affiliated solicitor, Advisor *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Advisor's investment management fee, and shall not result in any

additional charge to the client. If the client is introduced to the Advisor by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Advisor's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Advisor and the solicitor, including the compensation to be received by the solicitor from the Advisor.

## Item 15 Custody

The Advisor shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Advisor may also provide a written periodic report summarizing account activity and performance. We are not affiliated with the custodian. The custodian does not supervise our firm, its agents or activities.

Please Note: To the extent that the Advisor provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Advisor with the account statements received from the account custodian.

Please Also Note: The account custodian does not verify the accuracy of the Advisor's advisory fee calculation.

## Item 16 Investment Discretion

The client can determine to engage the Advisor to provide investment advisory services on a discretionary basis. Prior to the Advisor assuming discretionary authority over a client's account, client shall be required to execute *Investment Advisory Agreement*, naming the Advisor as client's attorney and agent in fact, granting the Advisor full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Advisor on a discretionary basis may, at any time, impose restrictions, in writing, on the Advisor's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Advisor's use of margin, etc.).

## Item 17 Voting Client Securities

The Advisor does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Advisor to discuss any questions they may have with a particular solicitation.

## Item 18 Financial Information

The Advisor does not solicit fees of more than \$1,200 per client paid six months or more in advance.

The Advisor is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

The Advisor has not been the subject of a bankruptcy petition.

### **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.